

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL MEMORANDUM

SB 549 – HB 793

April 28, 2009

SUMMARY OF AMENDMENT (006843): Deletes all language after the enacting clause and prohibits a health insurer from retroactively denying a previously paid claim instead of recouping amounts previously paid to health care providers. Prohibits a successor health insurer from denying a claim if the claim was submitted within 180 days of the date the claim was denied by the original health insurer or the covered person did not receive prior approval, but the successor insurer would normally grant authorization for the services rendered. Exempts the Bureau of TennCare and the CoverKids program from the provisions regarding successor health insurers. Requires a policy of group accident and health insurance issued to an employer to contain a provision requiring the employer to notify the health insurer when any covered person ceases to be eligible for coverage.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures – Not Significant

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Expenditures – Not Significant

Potential Impact on Health Insurance Premiums (required by Tenn. Code Ann. § 3-2-111): Such legislation could result in an increase in the cost of health insurance premiums by an amount that exceeds \$100,000 to cover the cost of claims that are currently being denied, either retroactively or at the time of submission.

Assumptions applied to amendment:

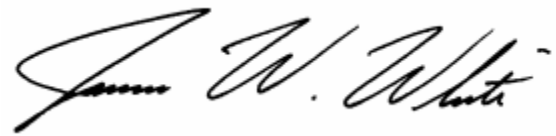
- The Department of Commerce and Insurance is currently responsible for the administration and enforcement of retroactive denials and recoupment by insurance companies. Changes to the standards in which recoupment may occur will not result in a significant increase in expenditures for the Department.

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- Enforcement of standards will be done as a result of complaints by providers that insurers are not complying with the requirements of the proposed legislation.
- Any cost can be accommodated within existing resources without an increased appropriation or reduced reversion.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

/kml